

MEMORANDUM

TO: Iowa Reporters and Editors

FROM: Kate Cyrul, Bergen Kenny for Senator Tom Harkin (D-IA)

RE: Analysis of the U.S. House Budget Plan to Slash Transportation Funding

DATE: April 29, 2011

On Friday, April 15th, the U.S. House of Representatives passed a budget for the upcoming year on a party line vote. This budget unfairly benefits wealthy Americans and special interests, while slashing programs that assist the middle class and the most vulnerable people in our society. Moreover, the plan sharply reduces the federal government's investments in education and infrastructure – investments that are necessary to ensure our country remains competitive in the global economy and generates jobs in both the short and long term.

The House budget proposal slashes general transportation funding from \$84.99 billion in fiscal year 2011 to \$64.3 billion, a 24 percent decrease that returns investment to the level we had a decade ago, despite significant inflation in the cost of construction and materials in recent years. The House budget makes severe reductions in the Highway Trust Fund spending and also prohibits the government from allocating general fund dollars to the Trust Fund, resulting in substantial decreased funding for highways and bridges, our arteries and veins of commerce.

For Iowa, the House budget plan would have significant effects on the federal Highway Trust funds, which would be reduced by 37 percent to \$287 million for fiscal year 2012, slowing the repair and development of roads across the state. Funding for public transit and other programs would also be negatively impacted, though it is difficult to determine the extent according to details in the House budget plan. In addition, the House budget cuts related to the Highway Trust Fund would cost Iowa 5,900 jobs, according to Federal Highway Administration job creation estimates.

By reducing employment in Iowa, the House budget will also increase federal spending. When people are unemployed, tax revenue is lost and spending goes up on social programs, like food assistance and unemployment insurance. The non-partisan Congressional Budget Office estimates that, without considering Congressional action to help the economy, the lack of full employment alone increased the deficit by \$359 billion in 2010.

Under the Ryan plan, federal highway funding would not only be slashed in the near future, but would be below last year's level as far as 10 years into the future. Most Iowans already don't have to look too far to see the current state of disrepair of our bridges and highways, impacting the efficiency of our entire economy. Not only does this budget prevent us from getting them back into shape and ready for the future; it also threatens hundreds of thousands of jobs of our architects, engineers, builders, and construction workers. We cannot afford to lose more jobs just as our economy is turning a corner. This irresponsible budget would do just that.

The budget plan now comes to the U.S. Senate for consideration.

My full statement on the House budget proposal can be found [here](#).

Rather than a pessimistic budget, which says America can't afford to maintain and rebuild the middle class, I believe we need a budget that creates a better future – one that creates jobs, keeps our promises to seniors, educates our children, and reduces the deficit with smart spending cuts and by asking millionaires and billionaires to pay their fair share.